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SERVICES OF FRUIT AND VEGETABLE CO-OPS IN THE NORTH ATLANTIC STATES

By

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COOPERATIVE RESEARCH AND SERVICE DIVISION

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Farmers' cooperative associations handle practically all fruits and vegetables of commercial importance grown in the United States. The diversity of their business methods shows their adaptability to conditions and the practical and progressive nature of their management. To assist them in making adjustments for added service in wartime, a survey of 99 associations handling fruits and vegetables in New England, New York, Pennsylvania, and New Jersey in 1940 was made. Results of this survey were first reported in preliminary form as F.C.A. Misc. Rept. No. 48, "An Appraisal of Services Provided by Cooperative Marketing Associations Handling Fresh Fruits and Vegetables in the North Atlantic States," and later in an article, "Ready for Marketing Action," by H. W. Mumford, Jr., in News for Farmer Cooperatives, April 1942. This publication is the final report on the study.

SERVICES OF FRUIT AND VEGETABLE CO-OPS IN THE NORTH ATLANTIC STATES

By H. W. Mumford, Jr., Agricultural Economist,
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Changes in marketing methods brought about by war conditions, by shifts in production areas, by restrictions on transportation facilities, and by apparent changes in consumers' appetites, mean that farmers' cooperative associations must revise and broaden their operations for progressive usefulness to their members. In doing so they need current facts about the nature and extent of marketing services provided by farmers' associations. This report is a partial answer to the need for such facts.

The survey reported here was confined to the North Atlantic States (New England States and New York, New Jersey, and Pennsylvania), and to associations giving assistance to farmers in the marketing of fruits and vegetables. Fruit and vegetable producers' associations giving only purchasing or supply service are not included in this study. The number, location, and general character of the associations covered have been presented in an earlier report[1]. Certain general characteristics are also summarized in the appendix, tables 20 to 28. This report is concerned with the kinds of services provided, the competitive situations in which the associations operate, the distribution of sales by months, by markets and by buyers, and the financial position of the associations at the end of the 1940-41 season.

PURPOSES OF COOPERATIVE ORGANIZATION

One-third (32) of the 99 associations surveyed were organized to provide specific physical facilities and to establish marketing connections to serve groups of cooperatively minded fruit and vegetable producers who were without any satisfactory outlet for their products (table 1). No other motive was more frequently expressed for associations of the farmers' market, the processor, and the storage types.

About one-fifth (18) of the associations were formed to increase the bargaining power of the producers, reduce the spread or margin taken by

NOTE: The author wishes to acknowledge the assistance of the associations studied, that of officers of municipal departments charged with the administration of city markets, and of many others who generously contributed information for the study. Appreciation is also due to A. W. McKay and others of the Cooperative Research and Service Division staff, for advice in the direction of the study.

[1] Mumford, H. W. Jr., "An Appraisal of Services Provided by Cooperative Marketing Associations Handling Fresh Fruits and Vegetables in the North Atlantic States," Misc. Rept. 48, Mimeographer February, 1942. Data in the final report vary slightly from those in this preliminary report, primarily because of certain reclassifications.

dealers, and give the producers higher net returns. This objective was particularly important for associations classified as predominantly selling associations.

Dissatisfaction with specifically identified factors in the trade, such as old-line commission men, trucker-buyers, and country shippers, stimulated the organization of 13 cooperative associations formed to compete with such agencies. The wish to get farmer control of existing facilities brought about the formation of nearly half of the associations that operated farmers' markets. Other objectives are listed in table 1.

TABLE 1. - Objective at organization of cooperative fruit and vegetable marketing associations, North Atlantic States.[1]

Original objectives	Number of associations formed with these objectives, grouped according to major type of service in 1941						
	Selling	Farmers market	Auction	Processor	Purchasing	Storage	All types
To provide marketing facilities that were lacking or inadequate.	9	7	4	7	1	4	32
To increase bargaining power, reduce margins, get higher price	10	0	2	4	1	1	18
To compete with other marketing agencies specifically mentioned	4	1	6	2	0	0	13
To substitute for market outlet no longer available	3	1	0	1	2	1	8
To get cooperative control of facilities formerly under public or private control	0	7	1	0	0	0	8
To solve production problems and buy supplies cooperatively	4	0	0	1	3	0	8
Miscellaneous objectives	4	0	1	0	2	0	7
Objectives not stated	1	1	2	0	0	1	5
Total	35	17	16	15	9	7	99

[1] All New England States plus New York, Pennsylvania, and New Jersey.

SERVICES PROVIDED

Sale of members' products by the association or its agent was the service most generally given during the 1940-41 season. Sales service was provided by all associations in the selling and the processing classes, and was found to an appreciable extent in all the other group classifications except the cooperative farmers' markets (see table 2). In about one-third

of the fruit and vegetable marketing associations, the sales efforts of the association or its members were supported by central uniform packing, by sorting and grading according to definite standards, and by cooperative advertising. In this respect, also, inspection for quality or for disease was a noteworthy service in 9 associations.

The handling of farm production supplies ranked second only to selling, in number of associations providing this service. Supplies were handled by all the purchasing-type associations, by 80 percent (28) of the 35 selling-type associations, and less frequently by associations of other types.

The negotiation of contracts and the handling of arrangements for truck-hauling of produce to markets were among the significant services provided by over one-third (13) of the 35 selling-type associations and by about one-fifth (19) of all 99 associations.

Cleaning, brushing, or washing as a service was most in evidence among associations of canning, bottling, or other processing types.

Other services frequently provided were directly related to the major function of the associations, as providing auction facilities and personnel, and providing storage facilities.

TABLE 2. - Services provided for members by cooperative associations marketing fruits and vegetables in the North Atlantic States, 1940-41 marketing season.

Service provided	Number of associations offering services, according to type						
	Selling	Farmers' market	Auction	Processing	Purchasing	Storage	All types
Sale of produce by association or its agent[1]	35	0	3	15	8	6	67
Handle farm supplies (fertilizer, etc.)	28	2	9	8	9	3	59
Advertise produce for sale	14	3	3	9	0	2	31
Sort and grade according to standards	14	0	3	7	2	5	31
Central uniform packing	13	0	5	6	1	5	30
Arrange for trucking service[2]	13	0	1	1	3	1	19
Provide space for farmers' market.	0	17	0	0	0	0	17

[1] Includes 6 associations in which association sold under contract but negotiated price, and 7 associations in which association bargained with commission firms and brokers for sales service at reduced rates.

[2] Includes 1 association operating its own trucks.

TABLE 2. - Services provided for members by cooperative associations marketing fruits and vegetables in the North Atlantic States, 1940-41 marketing season. (Continued)

Service provided	Number of associations offering services, according to type						
	Selling	Farmers' market	Auction	Processing	Purchasing	Storage	All types
Provide auction facilities and personnel	0	0	16	0	0	0	16
Can, bottle, or otherwise process	0	0	0	15	0	0	15
Clean, brush, or wash	2	0	2	8	0	3	15
Storage	4	0	0	2	2	7	15
Inspection for quality or for disease	8	0	0	1	0	0	9
Pick-up assembly service	1	0	1	1	0	0	3
Help farmer get labor supply	1	0	0	0	0	0	1
Fumigation at packing plant	1	0	0	0	0	0	1
Any service, total number of associations	35	17	16	15	9	7	99

COMPETITIVE RELATIONSHIPS

Area Served

One of the major objectives of this survey has been to evaluate the cooperative associations in terms of their significance to the communities in which they operate. One measure of this significance is the territory served (table 3).

Of the 87 associations reporting the territory from which regular customers were drawn, 46, or more than half, served areas of 400 square miles or less. Such an area is roughly equivalent to one having an average radius of 10 miles or less. An area about 5 miles greater in radius was common for cooperative auctions and farmers' markets. On the other hand, areas for associations primarily of the storage or of the processing types were usually more compact than for other types.

The greatest distance in any one direction from which regular patrons came to the association exceeded 30 miles for only 23 of the 87 reporting associations. Extreme distances usually accompanied special situations, such as that of a fruit grower who sent truckloads of fruit as far as 150 miles to farmers' markets in fruit-deficit areas.

Number and Effectiveness of Competitors

About one-fourth (23) of the associations reporting on competition operated in areas in which they had no competitors. Of the other associations, 75 had one or more competitors, and 29 of these had more than three competitors each (table 4).

TABLE 3. - Area served by cooperative associations marketing fruits and vegetables in the North Atlantic States, 1940-41 marketing season.

Type of cooperative association	Number of associations serving area with radius of[1]						
	1-5 mi.	6-10 mi.	11-15 mi.	16-20 mi.	21-25 mi.	Over 25 mi.	Not given
Selling.....	10	4	4	3	0	7	7
Farmers' markets.....	0	4	6	1	1	4	1
Auction.....	2	4	4	1	0	4	1
Processing.....	1	9	1	0	1	1	2
Storage.....	2	3	0	1	0	1	0
Purchasing.....	5	2	0	0	0	1	1
All types.....	20	26	15	6	2	18	12

[1] Excluded from the area served are occasional customers located at extreme and unusual distances.

TABLE 4. - Number of competitors and intensity of competition, for cooperative associations marketing fruits and vegetables; North Atlantic States 1941.

Type of cooperative association	Associations with indicated number of competitors						With competition not easily met
	None	1	2	3	More than 3	1 or more[1]	
Selling[2].....	6	10	4	2	12	28	5
Farmers' market..	8	6	1	2	0	9	1
Auction.....	3	6	3	1	3	13	2
Processing.....	3	0	2	1	9	12	4
Purchasing.....	3	0	3	1	2	6	1
Storage.....	0	1	3	0	3	7	1
All types.....	23	23	16	7	29	75	[3]14

[1] This is a total of the 4 columns immediately preceding.

[2] One association not reported.

[3] Classification of these 14 associations according to the groups shown in the above table follows: 1 competitor, 4; 2 competitors, 1; 3 competitors, 2; more than 3 competitors, 7; 1 or more competitors, 14.

Only 14 (19 percent) of the 75 associations with competitors encountered competition not easily met. Such competition occurred in about 13 percent of associations having only 1 or 2 competitors, and in 25 percent of those with 3 or more competitors. Considering all the 98 reporting associations, there were 84 which either had no competition at all or which were successfully meeting any competition encountered.

The instances in which the cooperative was not successfully meeting its competition were explained by the managers as follows:

Reason for unsuccessful competition	Number of associations
Competitors provide "clever" competition	3
Competitors overbid, pay more than market justifies	3
Competitors sell on price-cutting basis	2
Competitors' prices are more flexible	2
Competitors provide greater service at lower cost	2
Located too near a similar cooperative	1
Insufficient volume; membership problems, unfortunate early history of the association	1

It was surprising that in these explanations the managers often frankly acknowledged competitors to be more clever or more efficient operators.

Association's Volume as a Percentage of the Total Available Volume

Each manager estimated the proportion of the total available volume of the area which was handled by the cooperative association. In this tabulation, the association was given credit for the highest percentage applying to any one of the commodities handled. Occasionally the association occupied a dominant position with respect to one or more commodities, as in the case of the 16 associations which handled more than 80 percent of the area's volume of certain products (see table 5).

On the other hand, 26 associations handled no more than one-fifth of the total volume of any one commodity. Only 29 of 83 reporting associations claimed more than 50 percent of the available business. High percentages were fairly common among associations of the selling and the auction types; whereas, low percentages were common among processing associations.

There appeared to be no consistent relationship between the area served by the association and the proportion of the total business handled by it. Eight (42 percent) of the 19 reporting associations serving areas of 100 square miles or less, handled more than 60 percent of the available volume[2]. At the same time 6 (or 45 percent) of the 13 associations serving areas greater than 2,500 square miles handled more than 60 percent of the available volume (table 5).

[2]Of one or more of the commodities handled by the association.

Factors Limiting Expansion

Of the several factors which cooperative managers recognized as standing in the way of increased business, competition was mentioned most often (table 6). Factors listed by the 99 associations surveyed as limiting business during the 1941-42 season were as follows:

Limiting factor	Number of associations
Competition	25
Present facilities used to capacity	16
Have substantially all local volume	11
Lack of grower interest in the cooperative	7
Some large growers always sell independently	5
Some growers peddle, or have other established connections outside of the cooperative	4
Association satisfied with present volume	4
Fruit and vegetable marketing is only a side line	3
Association's volume is insufficient	3
Located too close to large cities	2
Member has no advantage over nonmember	2
Association has outlet for top grades only	1
Association lacks enough operating capital	1
Location is inconvenient for members	1
Membership changes rapidly	1
Independent dealers extend credit	1
Grower needs education in marketing	1
Growers object to waiting long in auction line	1
Growers do not understand why auction prices can change so rapidly	1
Buyers object to growers' abuse of the "no-sale" privilege	1
No limiting factors stated	8

TABLE 5. - Percentage of the total available volume of business, of the chief commodity handled,[1] enjoyed by cooperative associations marketing fruits and vegetables, North Atlantic States, 1940-41 season.

Classification of association	Number of associations handling indicated percentages of the total available business						Total number of associations
	1-20	21-40	41-60	61-80	81-100	Not stated	
By major service:							
Selling.....	6	8	8	4	6	3	35
Farmers' market..	4	1	3	1	1	7	17
Auction.....	3	1	3	3	5	1	16
Processing.....	10	1	0	0	2	2	15
Purchasing.....	1	1	3	1	0	3	9
Storage.....	2	1	1	1	2	0	7
By square miles served:[2]							
1-100.....	2	3	6	3	5	1	20
101-400.....	12	4	2	2	4	2	26
401-900.....	4	1	4	1	2	3	15
901-1600.....	1	2	0	1	1	1	6
1601-2500.....	1	0	1	0	0	0	2
2500 or more.....	4	2	1	3	3	5	18
Unknown area.....	2	1	4	0	1	4	12
All associations...	26	13	[3]18	10	16	16	99

[1]Percentage estimated by manager for each commodity handled. In this tabulation, each association was given credit for the highest percentage in any of the commodities handled.

[2]Group limits based on rectangular areas increasing by 10 miles in each of two directions.

[3]This group contains only 3 associations handling 51-60 percent.

Seventeen associations had all the business they could handle, as they had only limited physical facilities or operating capital. Eleven associations claimed substantially all the volume available in their territories, and another four associations were completely satisfied with the volume enjoyed. Many of the less frequently mentioned limiting factors were indirect criticisms of the association's location or operating methods. For example, one association was limited in expanding its business by the fact that it had developed a market outlet only for the

top grades. No limiting factors were recognized in eight associations, three of which excused this fact on the grounds of being brand new associations in which no limitations had yet appeared.

Percentage of Business From Nonmembers

To build or hold as large a volume of business as possible, some cooperative associations accept business from nonmembers. Such associations are in the minority, however, among those marketing fruits and vegetables in the North Atlantic States. Taking into account only the major commodity in each case, there were 57 associations which accepted no nonmember business (table 6). Only two of the associations got more than 50 percent of the volume of the most important commodity handled from nonmembers. Both these associations handled several commodities, so that the total business from members outweighed the nonmember business. There was considerable difference between the several types of associations in the proportion of nonmember business. For example, the majority of the storage concerns depended upon nonmember business for more than 25 percent of the volume of the major commodity handled, in contrast to associations of the processing type none of which depended upon nonmembers for more than 25 percent. Auctions and selling associations enjoyed the greatest proportionate freedom from nonmember business.

TABLE 6. - Percentage of the volume of business in the major commodity handled obtained from nonmembers, 1940-41 season.

Classification of association	Number of associations obtaining indicated percentage of business from nonmembers					Total
	None	1-25 percent	26-50 percent	More than 50 percent	Associations not reporting	
Selling.....	23	8	3	0	1	35
Farmers' market..	8	6	1	1	1	17
Auction.....	12	1	0	1	2	16
Processing.....	8	5	0	0	2	15
Purchasing.....	5	2	2	0	0	9
Storage.....	1	2	4	0	0	7
All types.....	57	24	10	2	6	99

TABLE 7. - Sales responsibility in 99 cooperative fruit and vegetable marketing associations of the North Atlantic States, 1940-41 season.

Authority and identity of salesman	Number of associations classified by major function						
	Selling	Farmers' market	Auction	Processing	Purchasing	Storage	All types
Association has complete authority. Sales made by:							
General manager	14	0	0	6	4	0	24
Sales manager	2	0	[3]1	5	1	0	9
Committee	0	0	0	0	1	0	1
Outside agent[1]	8	0	[3]1	4	0	1	14
Association's authority modified by grower's control:							
Sales by general manager at predetermined prices	1	0	[4]1	0	0	1	3
Sales, subject to grower's confirmation of price, made by -							
General manager	3	0	0	0	1	5	9
Committee	1	0	0	0	0	0	1
Auctioneer[2]	0	0	13	0	0	0	13
Grower chooses time to sell; sales made by -							
General manager	1	0	0	0	0	0	1
Committee	2	0	0	0	0	0	2
Grower chooses which commission firm shall sell	2	0	0	0	1	0	3
Association has no authority; grower does all selling	1	17	0	0	1	0	19
Total, all associations	35	17	16	15	9	7	99

[1] Sales service provided under contract between the association and a particular broker, commission man, produce dealer, or a cooperative association.

[2] Grower retains privilege of declining sale immediately after closing bid, by calling out "no-sale."

[3] Acting as auctioneer; grower lacking "no-sale" privilege.

[4] Association's primary business is the auctioning of items other than fruits and vegetables. Fruits and vegetables sold at private sale but on the auction property.

DESCRIPTION OF SALES

Responsibility for Sales

While all these cooperatives aid members at some point in the marketing of their products, actual selling may be done in several different ways and not always by the association. The general position of the salesman, and his authority, are outlined in table 7.

The general manager, particularly in the smaller associations, is often a jack-of-all-trades, handling sales as well as most other aspects of the cooperative's business. The manager served as salesman in 37 of the 99 associations. A special salesman or sales manager was employed in only 9 associations. A committee of directors or members made sales for 4 associations. Fourteen associations contracted for sales service with certain agents outside the organization, notably brokers or commission firms, or overhead cooperative associations. Auctioneers, of course, were employed where the auction method of selling was used.

Authority to complete sales was entirely in the hands of the association or its agent in almost half (48) of the 99 cooperatives. Modifications of this authority, as shown in the table, limited the sales activity of 32. In 19 associations, the grower members did their own selling and no authority to sell was held by the association. This arrangement prevailed particularly among those associations which operated farmers' markets.

Sales Promotion and Quality Improvement

In 30 of the 99 associations, no apparent effort was made to contact buyers and promote sales (table 8).

TABLE 8. - Manner in which sales were promoted in 99 cooperative associations marketing fruits and vegetables in the North Atlantic States, 1940-41 season.

Type of association	Number of associations using indicated promotional method[1]				
	None	Advertisements[2]	Visits[3]	"Outside" agents[4]	Total
Selling	9	3	17	7	35
Farmers' market	9	9	1	0	17
Auction	3	10	3	0	16
Processing	2	2	4	7	15
Purchasing	2	3	5	0	9
Storage	5	0	2	0	7
	30	27	32	14	99

[1] Four associations used more than 1 method.

[2] Includes 1 selling-type and 2 market associations using radio.

[3] Personal calls on prospective buyers by manager or salesman.

[4] Broker or commission firm.

To this 30 might be added an indeterminate part of the 14 associations which contacted buyers only through their "outside" commission firms or brokers whose sales promotion practices usually were not known by the associations.[3] This approach to the buyer was particularly prominent among associations of the processing type.

Thirty-two associations maintained direct contact with buyers through periodic visits by the association's manager or salesman. This was the method most often used by those associations in which the sales service was the primary function.

Twenty-seven associations advertised by means of circulars, newspapers, trade magazines, and radio. The combination news letter and advertising circular issued by the auctions of New Jersey in cooperation with the State Department of Agriculture was particularly outstanding in this field.

High quality is recognized as one of the selling points found most useful by cooperative salesmen approaching buyers. It was somewhat surprising, therefore, to find 35 of the 99 associations making no specific effort to improve the quality and grade of the fruits and vegetables handled (see table 9). Presumably at least some of these 35 associations found the quality and uniformity of the products, as delivered by the members, already highly satisfactory.

TABLE 9. - Quality and grade improvement work done by 99 cooperative associations marketing fruits and vegetables in the North Atlantic States, 1940-41 season.

Type of association	Number of associations doing indicated improvement work[1]					
	None	Educational[2]	Check grade[3]	Grade and pack	Other[4]	Total
Selling.....	7	10	12	10	2	35
Farmers' market.	13	4	0	0	0	17
Auction.....	4	4	5	3	0	16
Processing.....	2	0	0	13	3	15
Purchasing.....	7	0	2	0	1	9
Storage.....	2	1	0	4	0	7
All types.....	35	19	19	30	6	99

[1] Some associations engaged in more than one kind of quality improvement work.

[2] By meetings, lectures, use of fieldmen, and college extension specialists.

[3] Includes grading and inspection to definite standards, but no association packing.

[4] Brush, clean, fumigate, or dust.

[3] Such "outside" agents often made contacts with prospective buyers by phone or wire.

In 30 cooperatives, central packing of one or more commodities by the association, usually involving inspection or grading to standards, was an activity definitely intended to improve the quality and uniformity of the products handled. This service was particularly prominent in associations of the processing, storage, and selling types.

Inspection for disease or other undesirable characteristics, or for checking of the quality delivered by members to make sure it came up to certain definite standards, gave 19 associations an opportunity to influence the quality of product handled. Educational programs designed to encourage quality production were conducted by 19 associations, using their own fieldmen or college extension specialists or both. Other association activities contributing to high quality included brushing, cleaning, fumigating, and dusting.

Distribution of Sales by Major Markets

Approximate distribution of dollar sales according to market destination of fruits and vegetables handled was obtained for 69 of the 99 associations. Total sales of those reporting in this respect were well over 20 million dollars for the 1940-41 season. Many associations, particularly the farmers' markets, found the principal outlet to be the local community.[4] Local communities together had by far the largest total of the cooperative sales here reported, because of the very large volume of sales through farmers' markets. Nonlocal markets other than the 7 major markets specifically named were the second largest combined outlet for these associations. Of the specifically mentioned terminal markets, New York City was the most important, with Boston and Philadelphia rather far behind (table 10).

The location of major outlets varied according to the association's location and its general character. Chicago was one of the most important outlets for processing[5] associations, but was relatively insignificant for most other types. Boston was prominent as an outlet for purchasing associations, probably because of its relative nearness to those in New Hampshire, Massachusetts, and New York. The effect of location upon outlets for selling-type associations is revealed by the following facts. Such associations in New Jersey made greater sales in New York City than in any other single market and more than in all "local" markets combined. In Pennsylvania, associations of this type sold more in each of the cities of Philadelphia, Pittsburgh, and Baltimore than they did in New York City, and Maine associations sold nearly seven times as many dollars worth in "other" markets as they did in New York City.

[4] The "local" classification here includes sales in Buffalo, Boston, and Pittsburgh, when such sales were made through local associations.

[5] Includes canning and bottling also.

TABLE 10. - Distribution of sales by major outlets for 99 cooperative fruit and vegetable marketing associations in the North Atlantic States, 1940 crop.

Market destination	Dollar sales of fruits and vegetables, by type of cooperative association reporting[1]						
	Selling	Farmers' market	Auction	Processing	Purchasing	Storage	All types
New York City	$ 944,975	$ 800,000	$209,268	$197,271	$ 983	$110,086	$ 2,262,583
Boston.....	410,425	0	52,256	59,834	38,664	1,007	562,186
Philadelphia.	424,781	0	35,344	58,347	4,835	5,499	528,806
Pittsburgh...	148,486	0	0	17,139	0	14,688	180,613
Baltimore....	123,302	0	0	4,898	6,068	0	134,268
Chicago.....	530	0	0	99,282	0	7,344	107,156
Buffalo.....	20,760	0	0	6,727	0	10,296	37,783
Local, nearby	533,349	8,576,903	10,617	0	0	4,000	9,144,869
Other markets	2,116,943	4,906,860	69,724	493,572	120,284	67,580	7,774,963
All markets	[2]$4,723,551	$14,283,763	$377,209	$937,070	$170,834	$220,500	$20,733,227

[1]Number of cooperative associations, according to above groups:

Reporting sales	30	10	6	11	6	6	69
Not reporting	5	7	10	4	3	1	30
Total	35	17	16	15	9	7	99

[2]Dollar figures necessarily incomplete since some associations did not report distribution of sales by markets. See footnote 1.

Distribution of Sales by Types of Buyers

Sixty-nine of the 99 associations were able to give approximate data indicating the relative distribution of their 1940-41 sales to the several type of buyers. The wholesale and speculative dealers or receivers took the largest quantities of fruits and vegetables, - nearly a third of the total amount sold by all 69. This outlet was the main reliance of the selling and of the auction associations, but was relatively insignificant as an outlet for the processing and the canning types (see table 11). On a geographical basis, the wholesale and speculative receivers were outstandingly strong in the many nonlocal, secondary markets.

Unknown buyers, reached through commission or brokerage firms, were the second largest specifically mentioned outlet for cooperative associations. Commission houses and brokerage firms were the primary reliance of processing or canning associations, particularly, in the secondary markets. Naturally, commission firms were not used at all by either the farmers' markets or the auction associations.

TABLE 11. - Distribution of sales according to types of buyers from cooperative associations marketing fruits and vegetables in the North Atlantic States, 1940-41 season.

Method of grouping associations	Number of associations reporting	Wholesale and speculative receivers	Chain store systems	Independent retail stores	Truck operators	Retail consumers	Unknown through commission firms[2]	Other buyers[3]	All buyers
By location of markets, regardless of association type:									
New York City, Philadelphia, Boston...	38	1,053,278	1,036,375	51,974	39,574	10,000	749,434	83,772	3,024,407
Baltimore, Buffalo, Pittsburgh, Chicago.	17	97,981	213,806	47,644	0	0	63,943	31,400	454,774
Local and nearby.....	22	1,353,262	444,908	1,646,133	67,163	585,534	0	5,048,869	9,144,869
Other markets.....	56	5,736,065	640,477	585,878	81,332	[1] 33,769	3,925,987	1,745,128	12,748,636
All markets.....	69	8,240,586	2,335,566	2,331,629	188,069	[1]628,303	4,739,364	6,909,169	25,372,686
By type of association, regardless of market:									
Selling.....	31	5,113,891	1,223,460	320,621	5,368	[1] 12,510	762,147	689,681	8,127,678
Farmers' market.....	10	2,563,307	760,891	1,943,256	109,916	613,793	0	5,968,600	11,959,763
Auction.....	5	311,020	40,584	4,083	21,521	0	0	0	377,208
Processing.....	12	123,589	284,247	22,792	0	0	3,951,151	134,925	4,516,704
Purchasing.....	6	30,881	13,506	9,501	0	0	983	115,363	170,834
Storage.....	5	97,898	12,878	31,376	51,264	2,000	25,083	0	220,499
All types.....	69	8,240,586	2,335,566	2,331,629	188,069	[1]628,303	4,739,364	6,909,169	25,372,686

[1]Includes $1,789 sold to the Government.

[2]Includes brokers also.

[3]See table 13.

In total amount of fruit and vegetable sales bought from the 69 reporting associations, chain-store systems had only a slight edge over the combined independent retail stores. There was considerable difference, however, when total sales were broken down either on a geographic or on an association-type basis.

In the large Northeastern terminal markets of New York City, Philadelphia, and Boston, sales by cooperatives to chain stores were nearly 20 times as great as their sales to independent stores; cooperative sales to chains in Baltimore, Buffalo, Pittsburgh, and Chicago markets were more than 4 times as large as sales to combined independent stores. Only in the local or nearby markets did the independent stores outweigh the chains.

Selling-type associations sold nearly four times as much to chains as to independent stores. Sales to chains exceeded sales to independents also in auction, processing, and purchasing associations. On the other hand, independent stores far outweighed chain stores as an outlet for cooperative farmers' markets and storage-type associations.

Retail consumers were a significant outlet only in local or nearby markets, and then only for associations of the farmers' market type. Itinerant truckers, and any truck operators who bought and sold their loads, were the least important of the specifically mentioned types of buyers for these North Atlantic cooperatives. They operated primarily out of local and nonlocal secondary markets, and bought primarily from farmers' market, storage, and auction associations.

The "other buyers" classification of table 11, is detailed as far as possible in table 12. It could be argued, with some merit, that sales shown under the wholesale-grocer classification here, should be distributed to the wholesale receivers and the chain and independent retail stores shown in table 11; recorded data, however, did not identify the firms clearly enough to make this possible. Wholesale grocers are the most important of the buyers there specified, particularly for sales made on farmers' markets to go to nonlocal secondary markets. Processors and canners, as buyers, were of considerable importance to selling-type associations, particularly in local or nearby markets (see table 12).

The largest portion of the sales to unidentified or unspecified buyers was made through farmers' markets to buyers in their local or nearby towns. Perhaps it is safe to assume that most of the unexplained sales on farmers' markets would, if all the facts were known, be distributed according to the relative distribution shown in table 11 for farmers' markets.

TABLE 12. - Analysis of "other buyers" column of table 11.

Method of grouping associations	Type of buyers included under "other"						Total sales to "other buyers"
	Wholesale grocers	Processors and canners	Restaurants, hotels, and institutions	Bakeries	Farmers and cooperatives	Not specified	
By location of markets, regardless of association type:							
New York City, Philadelphia, Boston.....	23,152	32,400	0	11,526	0	16,694	83,772
Baltimore, Buffalo, Pittsburgh, Chicago.....	24,311	0	0	7,089	0	0	31,400
Local and nearby.....	0	400,269	64,600	0	0	4,584,000	5,048,869
Other markets.....	1,477,556	147,045	5,134	6,380	100,666	8,347	1,745,128
All markets.....	1,525,019	579,714	69,734	24,995	100,666	4,609,041	6,909,169
By type of association, regardless of market:							
Selling.....	0	547,314	5,134	11,526	100,666	25,041	689,681
Farmers' market.....	1,320,000	0	64,600	0	0	4,584,000	5,968,600
Auction.....	0	0	0	0	0	0	0
Processing.....	89,056	32,400	0	13,469	0	0	134,925
Purchasing.....	115,963	0	0	0	0	0	115,963
Storage.....	0	0	0	0	0	0	0
All types.....	1,525,019	579,714	69,734	24,995	100,666	4,609,041	6,909,169

Seasonal Distribution of Shipments

The months of the year over which active marketing and shipping are spread are, in part, the reflection of the harvest season for the particular fruits or vegetables handled and, in part, the result of the desire and ability of the association and its members to prolong the marketing season. This desire to extend the season springs primarily from the hope of higher net returns by not flooding the market immediately after harvest. Extending the season also has an effect upon the internal operations of the cooperative by providing, over a longer period, employment for its employees and the opportunity for service to and contact with the membership.

The harvest season, even for the same commodities, varies somewhat within the North Atlantic Area, since the area extends from New Jersey to Maine. Furthermore, relatively few of the associations were handling the same commodities. For example, apples were handled by more associations than was any other one commodity, yet only 16 associations of various types, scattered over 6 different States, were known to be marketing apples as an important item. Next in order of frequency were: Irish potatoes, handled by 14 associations; tomatoes, by 13; peaches, by 10; strawberries, by 10; and cabbage, by 8 associations. These figures omit, however, an additional 22 associations (mostly farmers' markets and auctions) handling "miscellaneous fruits and vegetables" that probably included apples, potatoes, tomatoes, peaches, strawberries, or cabbage.

Combining all fruits and vegetables handled in each association, the number of associations marketing and shipping each month is shown in table 13. More associations of all types combined were shipping in September and October, and fewer in April, than in any other months. Because of the differences in season, not more than 73 out of 95 associations reporting (or 77 percent) were shipping in any one month.

More associations of all types were shipping in either September or October or both than in other months except for, those of the canning or processing type, of which the greatest number were shipping in March, and those of the storage type, all of which were shipping during the 4 winter months of December through March. Shipping activity was at a low ebb in April or May for most types of associations, but for processing or canning associations and for storage type associations, the low point occurred in August. These contrasts suggest possibilities of evening up the seasonal activity by taking on additional services customarily provided by associations of other types.

TABLE 13. - Months in which fruits and vegetables were being marketed and shipped through cooperative associations, North Atlantic States, 1940-41 season.

Month	Active associations of indicated type						All types, total
	Selling	Farmers' market	Auction	Pro-cessing	Pur-chasing	Storage	
				Number			
July	13	16	11	10	3	1	54
August	18	16	13	7	2	1	57
September	24	16	13	10	6	4	73
October	25	16	11	9	6	6	73
November	21	14	6	8	3	6	58
December	20	11	4	9	3	7	54
January	17	7	4	9	2	7	46
February	16	7	4	10	2	7	46
March	16	7	4	11	2	7	47
April	12	7	3	9	2	6	39
May	10	12	6	10	2	6	46
June	13	12	13	8	2	2	60
				Percent			
July	38	100	73	71	33	14	57
August	53	100	87	50	22	14	60
September	71	100	87	71	67	57	77
October	74	100	73	64	67	86	77
November	62	87	40	57	33	86	61
December	59	69	27	64	33	100	57
January	50	44	27	64	22	100	48
February	47	44	27	71	22	100	48
March	47	44	27	79	22	100	49
April	35	44	20	64	22	86	40
May	29	75	40	71	22	86	48
June	38	75	87	57	22	29	63
				Number			
Associations reporting	34	16	15	14	9	7	95
Associations not reporting	1	1	1	1	0	0	4

Comparison of Sales, Crops of 1936 and 1940

Identical cooperative associations reporting quantities of fruits and vegetables sold for both the 1936 and the 1940 crop years show an outstanding growth in sales for combined associations of the processing and of the purchasing types. On the other hand, total sales for 1936 were greater than for 1940 for the combined associations reporting in the selling classification, despite the fact that 15 associations of this type sold more in the 1940 season than in 1936, against 13 associations which sold more in 1936. Combining all reporting associations, 43 associations sold more in 1940 than in 1936, as against 25 associations in which the reverse was true. (See table 14.)

TABLE 14. - Sales of 1940 crop fruits and vegetables compared with 1936 crop sales; identical cooperative associations in the North Atlantic States.

Type of association	Associations in which sales were greater in crop year –		Total sales in indicated crop years	
	1940–41	1936–37	1940–41	1936–37
	Number		*Dollars*	
Selling	15	13	9,708,093	10,428,269
Farmers' market	4	1	243,580	243,258
Auction	9	5	3,490,977	3,115,878
Processing	8	3	4,987,472	3,096,699
Purchasing	4	1	184,245	143,952
Storage	3	2	404,209	346,359
All types	43	25	19,018,576	17,374,415

Even within type classifications, the trends varied. For example, selling associations gained in sales volume from 1936 to 1940 in the States of Pennsylvania, New Jersey, and New Hampshire, but declined in the States of Maine, Massachusetts, and New York. Trends in sales were by no means uniform in direction among associations of the several types within any one State. These data do little more than indicate the varying degrees of success found among cooperative associations in general. It may be concluded that there is nothing inherent in the type of an association, or in the State in which it is located, which would predetermine its success or failure.

The amount of sales shown by these reporting associations is least reliable, as a true indication of the amount of business done currently, in the farmers' market and in the purchasing type associations because of the low proportion reporting. Average sales per cooperative farmers

market, for the 1940 crop season, was $48,716 for the 5 associations useable in the comparison. This omits, however, another 5 associations for which the 1940 crop season sales were known but not the sales for the 1936 crop season. Average sales for these 5 omitted were $2,678,321; and there are still omitted 7 cooperative markets for which the sales were not reported at all. Bringing in, however, all 88 associations of all types, for which 1940 crop sales were given, the average sales per association were $377,086.

FINANCIAL CONSIDERATIONS

Net Income From 1940-41 Operations

How the year's operations contributed to the long-run success or failure of the cooperative is shown in part by the net income from the season's operations. Net income serves to show the accumulated excess, if any, of service charges and safety margins over the expenses of operating the members' organizations. Such excess helps to provide financial strength through building up reserves against the years when costs may exceed service charges. When such contingencies have been provided for, net income may be used to increase the savings of the association's patrons through patronage refunds.

Because of the wide variation in methods of operation, costs, and schedules of service charges, examination of net incomes for a group of cooperatives may sometimes show little more than that most of the associations studied managed to meet expenses. A large net income need not mean generous patronage dividends for sometimes the association had large obligations to meet.

Net incomes for 76 reporting associations varied from a loss of some $28,000 to a net income of more than $150,000. The following list shows the number of associations which had for the 1940-41 season net incomes within the ranges indicated:

Loss in excess of $10,000	2
Loss of $1 - $10,000	5
Net income of $1 - $1,000	29
Net income of $1001 - $5,000	24
Net income of $5001 - $10,000	8
Net income of more than $10,000	8

Twenty associations earned net incomes of $1 to $500, inclusive. In general, associations having relatively little invested and performing only one or two services, as providing an auction or a farmers' market place, had both the smaller losses and the smaller gains.

Month of Maximum Indebtedness

If this one season may be considered an indication it is clear from the many associations which came out of the year with only meagre net earnings that net margins are frequently dangerously low. Certainly it is true that, for most associations, there are times during the operating season when income from service charges or margins fails to meet current expenses. The need for credit arises. In this connection, it is interesting to note the variation between associations in the time of year when they are most obligated to persons or firms other than their own members.

June was the month in which the largest number of selling associations were most indebted. December was the corresponding month for associations of the farmers' market and the auction types. The greatest number of processing associations were most obligated in September (see table 15).

TABLE 15. - Month of maximum indebtedness[1] fruit and vegetable marketing associations in the North Atlantic States, 1940-41 season.

Month when most obligated	Associations with maximum indebtedness in indicated months, by types of association						
	Selling	Farmers' market	Auction	Processing	Purchasing	Storage	All types
	Number						
July	2	1	1	0	0	0	4
August	1	0	0	0	0	0	1
September	1	0	3	6	0	1	11
October	4	0	0	1	1	0	6
November	3	0	0	1	0	0	4
December	4	4	5	1	3	1	18
January	0	2	1	0	0	1	4
February	0	1	0	3	0	0	4
March	1	0	0	1	0	0	2
April	1	0	0	0	0	0	1
May	3	0	2	0	1	2	8
June	6	0	0	1	3	2	12
No one month[2]	3	2	0	0	1	0	6
Not reported	6	7	4	1	0	0	18
Total	35	17	16	15	9	7	99

[1]Obligations to persons and firms other than the member-owners of the association.
[2]No appreciable change from month to month.

Four of the seven associations operating at a loss, were financed, at least in part, by the appropriate regional bank for cooperatives of the Farm Credit Administration. Financing agencies are more fully discussed under "Sources of Credit Used," page 25.

The fewest associations, of all types combined, had maximum obligations in August and in April.

Summarized Balance Sheet

An attempt was made to get an actual or estimated balance sheet from each association showing its financial condition at the time it was most heavily indebted to "outsiders" (persons or firms other than member-owners). This puts all associations on a comparable basis in that it selects the time when the net worth of each association is at its smallest ratio to total assets.

The total assets, or total amount invested in the cooperative enterprise, was greatest for processing and least for auction associations, both as a total for the group and as an amount per association (see table 16). The amount invested in the business was determined primarily by the character of the enterprise and only to a slight extent by the volume of business handled.

TABLE 16. - Summarization of balance sheet statements, at time of maximum indebtedness, for cooperative fruit and vegetable marketing associations, North Atlantic States, 1940-41 season.

Type of association	Associations reporting	Amount of total assets	Selected items as a percentage of total assets					
			Assets			Liabilities		Net worth
			Current	Fixed	Other	Current	Fixed	
	Number	*Dollars*	*Percent*					
Selling.....	28	$1,476,444	74	24	2	61	3	36
Farmers' market.	9	739,862	14	82	4	5	43	52
Auction.....	12	472,865	65	34	1	27	6	67
Processing.....	14	3,677,884	52	31	17	39	5	56
Purchasing.....	9	916,788	58	40	2	14	11	75
Storage.....	7	858,140	15	79	6	10	26	64
All types.....	79	8,141,983	50	41	9	33	11	56

The type or character of the association also greatly affected the distribution of the total assets. For example, current assets varied from 14 percent of total assets for the group of farmers' markets, to 74 percent for the selling-type group, with the average for all types at just 50 percent. Fixed assets as a percentage of total assets ran inversely

proportional to current assets as a percentage of total assets, for all groups except the processing associations. This group as a whole had 17 percent of its total assets in "other assets" which include investments, prepaid expenses, and other items not commonly classified as current or fixed. The unusual importance of "other assets" in this group is believed to be the result of taking a balance at a time when the season's processing was not completed for one or two of the larger associations in the group; this resulted in a rather larger accumulation in prepaid expense (cost of pack) not yet closed into inventory.

Current liabilities expressed as a percentage of total assets were lowest (5 percent) for the cooperative farmers' markets which as a group had very little occasion for short-term borrowing. Such organizations did borrow on a long-term mortgage basis, however, a considerably higher percentage of their total assets than did any other group.

Members of the purchasing and of the auction-type cooperatives owned (net worth) larger proportions of the total assets of their associations than did members of other associations. As a group, the selling-type associations showed the smallest proportions of total assets represented by net worth. For all associations together, members owned slightly over half (56 percent) of the total amounts invested in the assets of their cooperative associations.

The amount of money "tied up" in receivables and in inventories, of course, is strongly related to the nature of the business conducted by the association. Farmers' market associations which usually do not handle farm supplies, have little occasion to make advances to their members; consequently it is not surprising to find only 13 percent of their current assets in the form of receivables, and less than 0.5 percent in the form of inventories (see table 17).

TABLE 17. - Receivables and inventories as a percentage of current assets at time of association's maximum obligations; cooperative fruit and vegetable marketing associations in the North Atlantic States 1940-41 season.

Type of association	Associations reporting	Percentage of current assets	
		Receivables	Inventories
	Number	*Percent*	
Selling	28	48	10
Farmers' market	9	13	(1)
Auction	12	50	2
Processing	14	11	72
Storage	9	38	53
Purchasing	7	41	27
All types	79	28	46

[1] Less than 0.5 percent

In an association of the canning or the processing type, the time of maximum obligation to outsiders customarily occurs about the time the season's packing is complete, and before many sales have been made. At this time usually, cash has been depleted by purchase of or advances on raw products brought in by the members. Payments or advances have enabled growers to reduce any amounts owed the association, so that the receivables are low (11 percent of current assets, table 17). On the other hand, inventories covering materials and often also the value of the fruit and vegetable products packed are at a peak (72 percent of current assets).

The weighted average situation for all associations, combined according to their respective conditions when most obligated, shows receivables as 28 percent and inventories as 46 percent of current assets (table 17).

Sources of Credit Used

Bona fide farmers' cooperative associations operating where there is a real need for their services and under circumstances that allow at least a reasonable chance for success should have no difficulty in obtaining any necessary credit, since Congress has provided special cooperative banks specifically designed to extend credit to such associations. These banks for cooperatives are located at 12 points in the United States:

Springfield, Mass.	St. Paul, Minn.
Baltimore, Md.	Omaha, Neb.
Columbia, S. C.	Wichita, Kans.
Louisville, Ky.	Houston, Texas
New Orleans, La.	Berkeley, Calif.
St. Louis, Mo.	Spokane, Wash.

Naturally, some associations are so small and operate in such a manner that no credit is required, and others are so well financed by member capital that they need no credit. Table 18 indicates the source of credit being used by the North Atlantic associations included in this study.

Just over one-third (34) of the associations required no credit. Nearly one-third (31) were getting some or all of their credit from one of the banks for cooperatives. Twenty associations got all their credit from noncooperative sources, as commercial banks, supply companies, and private investors. Some of those using only noncooperative sources of credit do so partly through lack of acquaintance with other sources, but many do so from a feeling that their noncooperative sources are more convenient and more satisfactory as to terms, requirements, and conditions.

TABLE 18. - Sources of credit used by cooperative fruit and vegetable marketing associations of the North Atlantic States, 1940-41 season.

Source of credit	Number of associations
Banks for cooperatives (F.C.A.) -	
and no other sources	21
and private investors	2
and commercial banks, etc.[1]	8
	31
Commercial banks -	
and no other sources	13
and private investors	1
and supply companies	5
	19
Supply companies only	1
Credit corporation of parent association	7
Source of credit not stated	7
	15
No credit used	34
Total all associations	99

[1] Includes associations getting credit also:
1 - from private investors, and
1 - from supply companies

Number of Salaried Employees

Within the limits of time and scope of this survey, no study of costs could be attempted. However, the number of salaried employees was determined, partly as an indication of what salary costs might be, and partly as an indication of the trained personnel required to successfully operate the business. The data is admittedly imperfect, since it was not always possible to draw a sharp line between dual-purpose employees on the pay roll continuously and salaried persons employed part-time. The intention however, was to omit occasional, seasonal help brought in only at peak periods and in no sense responsible for the conduct of the business. The data indicate in a general way, the professional staff required.

Processing associations used the most salaried employees (see table 19). On the average they used the equivalent of 12 men for nearly 12 months each. Farmers' markets got along with 1 salaried employee usually, occasionally 1 more. Selling associations used an average of 2½ regular salaried employees for an average of 10 months per employee.

TABLE 19. - Number of salaried employees and number of months such persons were employed; cooperative fruit and vegetable marketing associations; North Atlantic States; 1940-41 season.

Type of association	Associations reporting	Salaried employees		Accumulated total months employed	
		Total	Average per association	Total	Average per association
	Number				*Months*
Selling.....	35	89	2.5	882	25.2
Farmers' market.	17	23	1.4	241	14.2
Auction.....	16	91	5.7	783	48.9
Processing.....	13	158	12.1	1,835	141.2
Purchasing.....	9	47	5.2	552	61.3
Storage.....	7	33	4.7	390	55.7
All types.....	97	441	4.6	4,683	48.3

Major Problems of the Year

Each cooperative association manager included in this survey was asked to describe the most difficult or the most troublesome association problem faced in the current year of operation (1941 crop season). These problems were described in about as many ways as there were associations, with no two exactly alike. However, some generalization is possible by the use of rather broad classifications.

About 40 percent of the problems arose in the course of marketing -- the process of getting the products sold at a satisfactory price in a desirable market. In this respect some cooperatives suffered from competition with canners or processors who reputedly promoted long-term contracts with producers and the payment of premium prices to independent producers. Trucker-buyers were troublesome in some areas, particularly in large-crop-low-price years. Other cooperatives were still in the process of building up a market reputation for quality. Lack of chain-buyer support was felt in certain auctions and farmers' markets.

Inadequate or irregular and undependable volume was the chief problem of about one-eighth of the associations. In some cases this condition resulted from declining production in the area served. In other cases, it was a condition which had existed from the very beginning of the cooperative venture. Storage-type associations had seasonal difficulty in keeping their storage space occupied.

The current scarcity of labor, because of high rates of governmental and industrial employment and wages, was the principal difficulty in several associations, particularly the canneries that required large amounts of labor for short-pack periods.

Internal membership problems, such as squabbles over assignments of market stall space, political manipulations by ambitious members, and the general incompatibility of interests between large and small growers, were troublesome in a few associations.

A relatively insignificant number of associations were handicapped by a shortage of long-term or of operating credit. Some were burdened with an excess of indebtedness from past over-exercise of their credit sources.

Almost without exception, physical facilities were found to be adequate or more than adequate both for present needs and for anticipated needs of the immediate future.

About one-twelfth of the associations reported no major problems.

SUMMARY AND CONCLUSIONS

Current information as to the location, importance, and activities of cooperative associations assisting farmers of the nine North Atlantic States in the marketing of fruits and vegetables was obtained by visiting each such association during 1941. There proved to be 99 associations which had been active during the 1940 crop marketing season.

Most of these had been formed with the purpose of attacking the farmers' marketing problems through provision of necessary physical facilities and concentration of bargaining power. Actual selling of the fruits and vegetables was in the hands of the cooperative or its agent in two-thirds of the associations. Well over half of the associations handled farm supplies, and significant numbers of them provided other services connected with the production and marketing of the crop, such as central packing, advertising, and negotiation for hauling by truck. Services varied somewhat according to the primary purpose or emphasis of the association, and on this basis the 99 associations were classified into the following types: selling, 35; farmers' markets, 17; auction, 16; processing, bottling or canning, 15; purchasing, 9; and storage, 7.

The area from which members regularly came to the association did not exceed an average radius of 15 miles for two-thirds of all associations reported. Within the territory served by the association, one or more competitors were acknowledged in three-fourths of the associations, but such competition was said to be easily met in all but 14 cases. This was true despite the fact that in most cases the association did not claim a high percentage of the total volume available in the area. Only about one-third of the associations claimed over 50 percent of the total business. Except for storage-type associations, most fruit and vegetable marketing associations took little or no business from nonmembers.

There seemed to be room for increasing the volume of business handled by existing cooperatives except for the few associations that already control a large proportion. Obstacles to expansion, as recognized by the

association managers, did not appear insurmountable or even particularly serious in most cases. The chief obstacle to expansion seemed to be the complacency expressed by a few managers.

In most of the North Atlantic fruit and vegetable marketing cooperatives, the selling as handled was not sufficiently exacting or time-consuming to require the services of a specialized salesman or sales manager. The association's manager usually handled sales. However, only a little more than half of the associations had delegated complete authority for sales.

Unless it may be presumed that quality already is above reproach, many cooperative associations visited can do considerably more quality-improvement work than has been done in the past; more than one-third of the managers did not claim to be making any effort in this direction.

Local markets were the largest outlet for cooperative farmers' markets. New York City was the principal destination of fruits and vegetables marketed by auctions and storage-type associations. Chicago was an important outlet only for processing-type cooperatives. The major markets of New York City, Boston, Philadelphia, Pittsburgh, Baltimore, Chicago, and Buffalo, all received significant quantities from the North Atlantic cooperatives, but lesser markets, other than local ones accounted for about twice as much as these seven major markets combined. Evidently cooperatives in this area achieve wide distribution outside the usual major markets.

Sales were made primarily to wholesale and speculative receivers, particularly in the smaller markets. Next in volume were sales made to unknown buyers through brokers or commission firms; this channel for sales was most in evidence for processing-type associations, especially in the smaller, nonlocal markets. About equal quantities went to chain retail grocery systems and to combined independent stores, but chains were more important for selling-type associations and in the larger cities, while independent stores were more important for farmers' markets and in the local or nearby markets. Relatively little was sold to trucker-buyers, and of this total most was sold on farmers' markets.

The months in which active shipping occurred varied among associations according to location, type of service, and commodity. Items handled by the largest number of associations, in decreasing order of frequency, were apples, potatoes, tomatoes, peaches, strawberries, and cabbage. More associations were shipping in September and October, and fewer in April, than in any other months. The peak in number of associations shipping occurred later for processing and storage associations than for other types. By widening the scope of services provided, it might be possible for some cooperatives to spread the shipping season over a longer period.

Comparing sales of the 1940 crop with sales of the 1936 crop, whenever possible, data indicated some increase for about two-thirds of the

number of associations. Declines in dollar volume of sales were greater than increases per association. Net totals for combined associations showed slight losses or gains for most groups, and a large gain only for the processing-type group.

Most associations earned only moderate net incomes, since service charges were kept rather low. The net incomes, of course, were merely savings belonging to the patrons and held in trust by the association pending application to safety reserves or patronage refunds or both.

The financial position of an association as an operating organization varied according to the fluctuations in activity throughout the season. Maximum obligations of the association to all types of creditors other than its own members occurred in December for the largest number of all types of associations combined. However, other months showed considerable numbers of associations at peak indebtedness, particularly June for selling and purchasing-type associations and September for processing-type associations.

Taking all balance-sheet statements at the moment of maximum indebtedness to creditors other than members, total assets involved in 79 reporting associations amounted to a little over 8 million dollars. About half of this, on the average, was in current assets, and about 41 percent was invested in fixed assets. Current assets in ratio to current liabilities were 1.5 to 1. Net worth of the association, which is the equivalent of the members' equity in the total assets, accounted for about 56 percent of the total assets, for all associations reporting. In this respect, purchasing-type associations were in the strongest and selling-type associations were in the weakest positions. About a third of the associations held the enviable position of having no need to borrow from any source, but the others used varying amounts of credit from many sources, chiefly the regional banks for cooperatives and the commercial banks. Many of those using commercial bank credit are believed to be eligible for loans from the banks for cooperatives.

The number of salaried employees per association who occupied positions of responsibility in executive, administrative, or clerical capacities, averaged a little more than $4\frac{1}{2}$ persons employed for about $10\frac{1}{2}$ months each. Cooperative farmers' markets used the fewest regular salaried employees, while the canning or processing-type associations used the most.

The major problems faced by the management of these North Atlantic fruit and vegetable marketing associations in the 1940 crop year were as varied as the situations locally encountered. Most problems, however, revolved about the major objective of finding the best possible market outlet despite keen competition from other handlers of the crop.

These associations in general have made considerable progress toward solution of their local marketing problems but practically nothing has been done in the direction of sales coordination between cooperatives. A few associations are little more than assembly depots for private commercial interests, particularly processors.

APPENDIX

TABLE 20. - Cooperative associations marketing fruits and vegetables of the 1940 crop; North Atlantic States,[1] by States and types of service.

Type of service	Number of organizations in									
	N.Y.	Pa.	N.J.	Mass.	Maine	Conn.	N.H.	R.I.	Vt.	Total 9 States
Marketing only.....	5	–	1	1	–	–	–	–	–	7
Marketing mostly.....	8	8	3	3	3	–	2	–	1	28
Purchasing mostly....	5	1	1	1	–	–	1	–	–	9
Processing, etc.....	7	2	–	1	5	–	–	–	–	15
Auction.....	5	1	8	–	–	2	–	–	–	16
Storage and marketing	3	–	–	–	–	1	–	–	–	7
Farmers' market facilities:										
Curb.....	1	1	–	–	–	–	–	–	–	2
Space.....	–	2	2	3	–	1	1	–	–	9
Covered.....	2	–	–	–	–	–	–	–	–	2
Regional.....	2	–	–	1	–	–	–	1	–	4
All farmers' markets.	(5)	(3)	(2)	(4)		(1)	(1)	(1)		(17)
Total cooperatives...	41	15	15	10	8	4	4	1	1	99
Noncooperative farmers' markets:[2]										
Curb.....	4	8	–	1	1	–	–	–	–	14
Space.....	8	4	4	5	–	3	–	–	–	24
Covered.....	6	8	–	–	–	–	–	–	–	14
Regional.....	2	–	1	–	–	–	–	–	–	3
Total noncooperative.	20	20	5	6	1	3	–	–	–	55
Total organizations..	61	35	20	16	9	7	4	1	1	154

[1] All New England States, plus New York, New Jersey, and Pennsylvania.

[2] Does not include the farmers' markets of New York City.

TABLE 21. - Number of patrons served by cooperative fruit and vegetable marketing associations, North Atlantic States,[1] crop year 1940-41.

Type of service rendered	Number of patrons		
	Members	Nonmerbers	Total
Auction	6,449	1,162	7,611
Farmers' market facilities:			
Curb	45	0	45
Space	647	147	794
Covered	50	2	52
Regional	1,976	2,321	4,297
All farmers' markets	(2,718)	(2,470)	(5,188)
Marketing mostly	2,951	341	3,292
Purchasing	7,110	268	[2] 7,378
Processing	1,237	165	1,402
Marketing only	1,049	0	1,049
Storage	377	185	562
Total cooperative	21,891	4,591	[2] 26,482
Noncooperative farmers' markets:[3]			
Curb			1,079
Space			2,761
Covered			2,074
Regional			1,797
Total noncooperative			7,711

[1] All New England States, plus New York, New Jersey, and Pennsylvania.

[2] Includes one with no division in members and nonmembers.

[3] Does not include the farmers' markets of New York City.

TABLE 22. - Number of patrons served per association by cooperative fruit and vegetable marketing associations, North Atlantic States,[1] crop year 1940-41.

Type of service rendered	Associations reporting	Associations with indicated numbers of patrons				Number of patrons per association	
		1-100	101-200	201-300	More than 300	Range	Average
Auction.....	14	1	3	2	8	88 - 1,400	544
Farmers' market							
Curb.....	2	2	0	0	0	15 - 30	22
Space.....	9	6	2	1	0	8 - 275	88
Covered.....	2	2	0	0	0	22 - 30	26
Regional.....	4	0	0	1	3	251 - 2,300	1,074
All farmers' markets	(17)	(10)	(2)	(2)	(3)	(8 - 2,300)	(305)
Purchasing.....	9	4	1	2	2	45 - 6,000	820
Marketing only.....	7	4	1	1	1	30 - 443	150
Marketing mostly....	28	20	6	1	1	20 - 957	118
Processing.....	14	10	3	0	1	6 - 545	100
Storage.....	7	6	1	0	0	47 - 153	80
Total cooperative.	96	55	17	8	16	6 - 6,000	276
Noncooperative farmers' markets[2]							
Curb.....	14	9	5	0	0	6 - 150	77
Space.....	22	13	6	2	1	2 - 570	126
Covered.....	13	8	3	1	1	11 - 1,000	160
Regional.....	3	0	0	1	2	242 - 1,200	599
Total.....	52	30	14	4	4	2 - 1,200	148

[1] All New England States, plus New York, New Jersey, and Pennsylvania.

[2] Does not include the farmers' markets of New York City.

TABLE 23. - Dollar sales of fruits and vegetables, including canned and bottled items, by 88 cooperative marketing associations reporting sales, North Atlantic States,[1] crop year 1940-41.

Type of service rendered	Sales per association			Number of associations that sold indicated amounts					
	Total	Average	Range	1-50	51-100	101-200	201-400	401-800	More than 800
	Thousands of dollars								
Farmers' markets:									
Curb	16	16	16-16	1	0	0	0	0	0
Space	552	138	7-350	2	0	1	1	0	0
Covered	45	22	20-25	2	0	0	0	0	0
Regional	13,023	4,341	3,000-8,000	0	0	0	0	0	3
All farmers' markets	(13,636)	(1,364)	(7-8,000)	(5)	(0)	(1)	(1)	(0)	(3)
Marketing only	5,408	772	3-3,357	3	0	2	0	0	2
Processing, etc.	5,288	353	16-3,575	5	4	3	1	1	1
Marketing mostly	4,719	175	2-1,085	10	6	6	1	3	1
Auction	3,490	249	53-833	0	6	2	3	2	1
Storage, etc.	414	69	10-165	3	1	2	0	0	0
Purchasing mostly	227	25	4-90	8	1	0	0	0	0
Total	33,177	377	2-8,000	34	18	16	6	6	8
Noncooperative farmers' markets:[2]									
Curb	3,813	1,906	35-3,778	1	0	0	0	0	1
Space	4,230	705	20-2,065	2	0	0	2	0	2
Covered	5,475	912	125-2,500	0	0	2	2	0	2
All noncooperative	(13,518)	(966)	(20-3,778)	(3)	(0)	(2)	(4)	(0)	(5)

[1] All New England States, plus New York, New Jersey, and Pennsylvania.

[2] Does not include the farmers' markets of New York City.

TABLE 24. - Percentage of fruit and vegetable marketing associations handling only one commodity, by service performed and by States, North Atlantic States, 1940-41.

Type of service performed	Percentage of fruit and vegetable marketing associations handling one commodity, in indicated States									
	N.Y.	Pa.	N.J.	Mass.	Maine	Conn.	N.H.	R.I.	Vt.	All 9 States
Marketing only.....	100	(1)	100	100	–	–	–	–	–	100
Marketing mostly...	38	62	100	100	100	–	50	–	0	64
Purchasing.....	80	100	0	0	–	–	0	–	–	56
Processing.....	29	50	–	100	80	–	–	–	–	53
Auction.....	0	0	0	–	–	0	–	–	–	0
Storage.....	33	–	–	–	–	0	–	–	–	29
Farmers' market....	0	0	0	0	–	0	0	0	–	0
All types	39	47	27	50	88	0	25	0	0	40

[1] A dash designates a State in which there are no associations of the kind indicated.

TABLE 25. - Extent of central packing done by cooperative fruit and vegetable marketing associations, North Atlantic States,[1] crop year 1940-41.

Type of service performed	Extent of central packing done by associations in group			
	None	Partial[2]	Complete[2]	All associations
	Number			
Marketing only	5	1	1	7
Marketing mostly	17	4	7	28
Purchasing mostly	8	0	1	9
Processing	0	0	15	15
Auction	11	5	0	16
Storage	2	4	1	7
Farmers' market facilities:				
Curb	2	0	0	2
Space	9	0	0	9
Covered	2	0	0	2
Regional	4	0	0	4
Total, all types	60	14	25	99

[1] All New England States, plus New York, New Jersey, and Pennsylvania.

[2] With respect to at least one but not necessarily for all the commodities handled by the association involved.

TABLE 26. - Fruit and vegetable marketing associations making returns on a pool basis in 1941, North Atlantic States,[1] by type of service performed.

Type of service performed	Number of associations		
	Pooling	Not pooling	Total
Marketing only	4	3	7
Marketing mostly	15	13	28
Purchasing	2	7	9
Processing	13	2	15
Auction	0	16	16
Storage	1	6	7
Farmers' market facilities:[2]			
Curb	0	2	2
Space	0	9	9
Covered	0	2	2
Regional	0	4	4
Total	35	64	99

[1] All New England States; also New York, Pennsylvania, and New Jersey.

[2] No noncooperative farmers' markets were pooling.

TABLE 27. - Legal structure of cooperative fruit and vegetable marketing associations, North Atlantic States,[1] crop year 1940-41.

Type of service rendered	Number of associations			
	Incorporated		Unincorporated	Total
	Capital stock	Nonstock		
Marketing only	0	6	1	7
Marketing mostly	8	18	2	28
Purchasing	4	5	0	9
Processing	14	1	0	15
Auction	2	14	0	16
Storage	7	0	0	7
Farmers' market facilities:				
Curb	0	0	2	2
Space	2	5	2	9
Covered	1	0	1	2
Regional	4	0	0	4
Total cooperative	42	49	8	99
Noncooperative farmers' markets:[2]				
Curb	0	0	14	14
Space	2	0	22	24
Covered	4	0	10	14
Regional	1	2	0	3
Total	7	2	46	55

[1] All New England States plus New York, New Jersey, and Pennsylvania.

[2] Does not include farmers' markets of New York City.

TABLE 28. - Years in which cooperative fruit and vegetable marketing associations existing in 1941 were first organized, North Atlantic States.[1]

Type of service performed	Number of organizations	Number first organized in years shown						
		Year unknown	Before 1917	1917-1921	1922-1926	1927-1931	1932-1936	1937-1941[2]
Marketing only.....	7	0	3	0	0	1	1	2
Marketing mostly...	28	0	7	5	5	3	5	3
Purchasing.....	9	0	1	3	0	4	1	0
Processing.....	15	0	2	2	1	2	2	6
Auction.....	16	0	2	1	0	5	5	3
Storage.....	7	0	1	3	1	1	0	1
Farmers' market facilities:								
Curb.....	2	0	0	0	0	0	1	1
Space.....	9	0	0	2	1	0	4	2
Covered.....	2	0	2	0	0	0	0	0
Regional.....	4	0	1	0	0	1	2	0
All farmers' markets	(17)	(0)	(3)	(2)	(1)	(1)	(7)	(3)
Total cooperative.	99	0	19	16	8	17	21	18
Noncooperative farmers' markets:[3]								
Curb.....	13	1	6	4	0	0	0	2
Space.....	24	4	5	2	5	1	4	3
Covered.....	14	0	10	1	0	0	2	1
Regional.....	3	0	0	0	0	1	2	0
Total.....	54	5	21	7	5	2	8	6

[1] All New England States, and New York, Pennsylvania, and New Jersey.

[2] Does not include 10 associations organized too late in 1941 to have completed one season's operations before the close of the survey in October.

[3] Does not include farmers' markets of of New York City.